
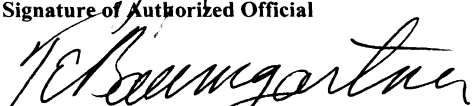


<b>Financial Assistance Award</b>  <b>DENALI COMMISSION</b> 510 "L" Street, Suite 410 Anchorage, Alaska 99501 (907) 271-1414 (phone) (907) 271-1415 (fax) www.denali.gov		<b>Project Number</b>	0082-DC-2002-I33	
		<b>Project Title</b>	Secondary Operator Rural Electric Utility Systems	
		<b>Performance Period</b>	July 1, 2002 – June 30, 2003	
		<b>Recipient Name &amp; Address</b>		
		McGrath Light & Power Company P.O. Box 52 McGrath, Alaska 99627  Ph: (907) 524-3009 Fax: (907) 524-3701		
<b>Authority</b> 112 Stat 1854	<b>CFDA Number</b> 90.100			
<b>Denali Commission Finance Officer Certification</b>				
		CEE		
<b>Cost Share Distribution Table</b>				
<b>Accounting Code</b>	<b>Denali Commission</b>	<b>Other Contributors</b>	<b>Total</b>	
Denali Commission Funding	\$20,000	\$0	\$20,000	
			\$0	
			\$0	
			\$0	
<b>Total</b>	<b>\$20,000</b>	<b>\$0</b>	<b>\$20,000</b>	
<p>This Financial Assistance Award approved by the Federal Co-Chair of the Denali Commission is issued in triplicate and constitutes an obligation of federal funding. By signing the three documents, the Recipient agrees to comply with the Award provisions indicated below and attached. Upon acceptance by the Recipient, two signed Award documents shall be returned to the Federal Co-Chair of the Denali Commission and the Recipient shall retain the third document. If not signed and returned without modification by the Recipient within 30 days of receipt, the Federal Co-Chair may unilaterally terminate this Award.</p> <p><input checked="" type="checkbox"/> Special Award Conditions and Attachments</p> <p><input type="checkbox"/> Line Item Budget</p> <p><input checked="" type="checkbox"/> OMB Circular A-133, Audits of States, Local Governments and Indian Tribal Governments          (<a href="http://www.whitehouse.gov/OMB/circulars/a133/a133.html">www.whitehouse.gov/OMB/circulars/a133/a133.html</a>)</p> <p><b>Administrative Requirements (check one)</b></p> <p><input type="checkbox"/> 15 CFR 24, Uniform Admin Requirements for Grants/Cooperative Agreements to State and Local Governments          (<a href="http://www.access.gpo.gov/nara/cfr/waisidx/99/15cfr24_99.html">www.access.gpo.gov/nara/cfr/waisidx/99/15cfr24_99.html</a>)</p> <p><input checked="" type="checkbox"/> 15 CFR 14, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, Other Nonprofit, and Commercial Organizations          (<a href="http://www.access.gpo.gov/nara/cfr/waisidx/99/15cfr14_99.html">www.access.gpo.gov/nara/cfr/waisidx/99/15cfr14_99.html</a>)</p> <p><b>Cost Principles (check one)</b></p> <p><input type="checkbox"/> OMB Circular A-87, Cost Principles for State and Local Governments and Indian Tribal Governments          (<a href="http://www.whitehouse.gov/OMB/circulars/a087/a087-all.html">www.whitehouse.gov/OMB/circulars/a087/a087-all.html</a>)</p> <p><input type="checkbox"/> OMB Circular A-122, Cost Principles for Nonprofit Organizations          (<a href="http://www.whitehouse.gov/OMB/circulars/a122/a122.html">www.whitehouse.gov/OMB/circulars/a122/a122.html</a>)</p> <p><input type="checkbox"/> OMB Circular A-21, Cost Principles for Educational Institutions          (<a href="http://www.whitehouse.gov/OMB/circulars/a021/a021.html">www.whitehouse.gov/OMB/circulars/a021/a021.html</a>)</p> <p><input checked="" type="checkbox"/> 48 CFR 31.2, Contracts with Commercial Organizations</p>				
<b>Signature of Authorized Official - Denali Commission</b>		<b>Typed Name and Title</b>		<b>Date</b>
		Jeffrey B. Staser, Federal Co-Chair		8/20/02
<b>Signature of Authorized Official</b>		<b>Typed Name and Title</b>		<b>Date</b>
		T. Ernie Baumgartner, General Mgr.		8/22/02

**Award Conditions to the Financial Assistance Award  
between the Denali Commission and the McGrath Light & Power Company  
for Secondary Operator of rural electric utility systems**

***1. Scope of Work***

The award establishes a partnership of the Denali Commission and the McGrath Light & Power Company to achieve sustainable operations of newly upgraded electric utility systems in rural Alaska. The work to be performed by the McGrath Light & Power Company under this award is to serve as a Secondary Operator providing management, technical and advisory assistance to the primary operators of the following rural electric utility systems:

Tuluksak, Alaska

The principal objective of this work is to assist the Primary Operator to be successful in providing adequate and reliable fuel services and operating the electric utility system in accordance with its Commission approved business plan and in compliance with applicable U.S. Coast Guard and Environmental Protection Agency regulations. The specific tasks are:

1. Make quarterly on site visits of one to two days in duration to assess the performance of the Primary Operator, provide on the job training and develop a mutually respectful working relationship with the Primary Operator.
2. Assist the Primary Operator to overcome any perceived weaknesses through education and training including referral to established training resources provided by others.
3. Be in regular communication by telephone, FAX or Email providing management, technical and advisory assistance as needed by the Primary Operator.

***2. Standard of Care***

The same degree of care, skill, and diligence shall be exercised in the performance of the Services as is ordinarily possessed and exercised by members of the same trade or profession, currently practicing, under similar circumstances. No other warranty expressed or implied, is included in this Agreement or in any drawing, specification, report, opinion, or other instrument of service, in any form or media, produced in connection with the Services.

***3. Award Performance Period***

The award performance period is July 1, 2002 through June 30, 2003.

#### ***4. Direct and Indirect Costs***

The cost principles found in 48 CFR 31.2 , Contracts with Commercial Organizations, are applicable to this Award. Direct and indirect costs are allowable as provided for under the cost principles.

#### ***5. Budget and Program Revisions***

The Commission Project Manager must approve changes in budget and scope in advance and in writing. Please refer to 15 CFR 14, the Administrative Circular applicable to this award, for further details.

The McGrath Light & Power Company will inform the Commission in writing (e-mail, letter, or report) at the earliest possible date of any unanticipated cost overrun, schedule delays, or changes in the scope of work or changed site conditions. This report is not required unless project conditions warrant it.

The Commission may determine, in the exercise of its sole discretion under the Facility's business plan, that the Primary Operator has failed or is unable to operate the Facility in accordance with the business plan. The Commission may then transfer the full custody and control of the assets and business operations of the Facility, including but not limited to, the cash, receivables, and inventory of the Facility, to the McGrath Light & Power Company. In such situations, the Commission and the McGrath Light & Power Company will collaboratively resolve how best to establish competent management of the Facility as provided for in the Facility's Secondary Operator agreement. Such situations cannot be predicted and will be dealt with on a case by case basis to change the budget and scope of this award.

#### ***6. Reporting***

Two forms of project reporting are required under this award, listed below. The first quarterly reporting period is July through September 30, 2002. Unless otherwise indicated, reports are due within 30 days of the end of the reporting period.

The Commission reserves the right, at a future date, to direct McGrath Light & Power Company to provide the progress reports in electronic format for posting on the Commission web page.

- a. Quarterly project reporting shall include both a narrative and financial summary of each facility's status and accomplishments to date, and address the following questions: is the facility operating in compliance with its business plan, and what actions are planned to address any facility management or operating problems.
- b. A final Financial Status Report (Standard Form 269 – [www.whitehouse.gov/OMB/grants/index.html#forms](http://www.whitehouse.gov/OMB/grants/index.html#forms)) shall be submitted to the

Commission Project Officer within 90 days after the end of the Award Performance Period. If the Award Performance Period is longer than one year, or if the Agreement is revised to extend the Award Performance Period beyond one year, the recipient must submit a completed Standard Form 269 annually within 90 days after the end of each anniversary of the award date.

## ***7. Payments***

Payments under this award will be made through the U.S. Department of Treasury's Automated Standard Application for Payment (ASAP) system. The ASAP system is the Denali Commission's mechanism for requesting and delivering Federal funds to financial assistance award recipients. Your organization must be registered with the ASAP program in order to make draw downs. Please contact the Denali Commission project manager for further information about registering with the ASAP program. Payments will be made in accordance with 15 CFR 14.

## ***8. Award Close Out***

The award closeout must be completed within 90 days of the end of the award performance period. The award closeout process includes the submission of both a final narrative report and financial status report. Recipient organizations must also request any remaining funds for expenditures under this award during this 90-day period.

## ***8. Public Policy Laws and Assurances***

Financial Assistance Award Recipients are required to comply with the public policy laws and assurances on forms SF 424b (non-construction projects) or SF 424d (construction projects). This form must also be signed by a certifying official of the organization. Some of the laws are highlighted below for your reference.

No portion of this award may be used for lobbying or propaganda purposes as prohibited by 18 U.S.C. Section 1913 or Section 607(a) of Public Law 96-74.

## ***9. Project Officers & Contact Information***

Denali Commission	Name of Partner Organization
Name: Kathleen Prentki, Project Mgr. Address Denali Commission (phone) 907-271-1426 (fax) 907-271-1415 e-mail kprentki@denali.gov	Name: T. Ernie Baumgartner, Gen. Mgr. Address: McGrath Light & Power Co. (phone) 907-524-3009 (fax) 907-524-3701 e-mail